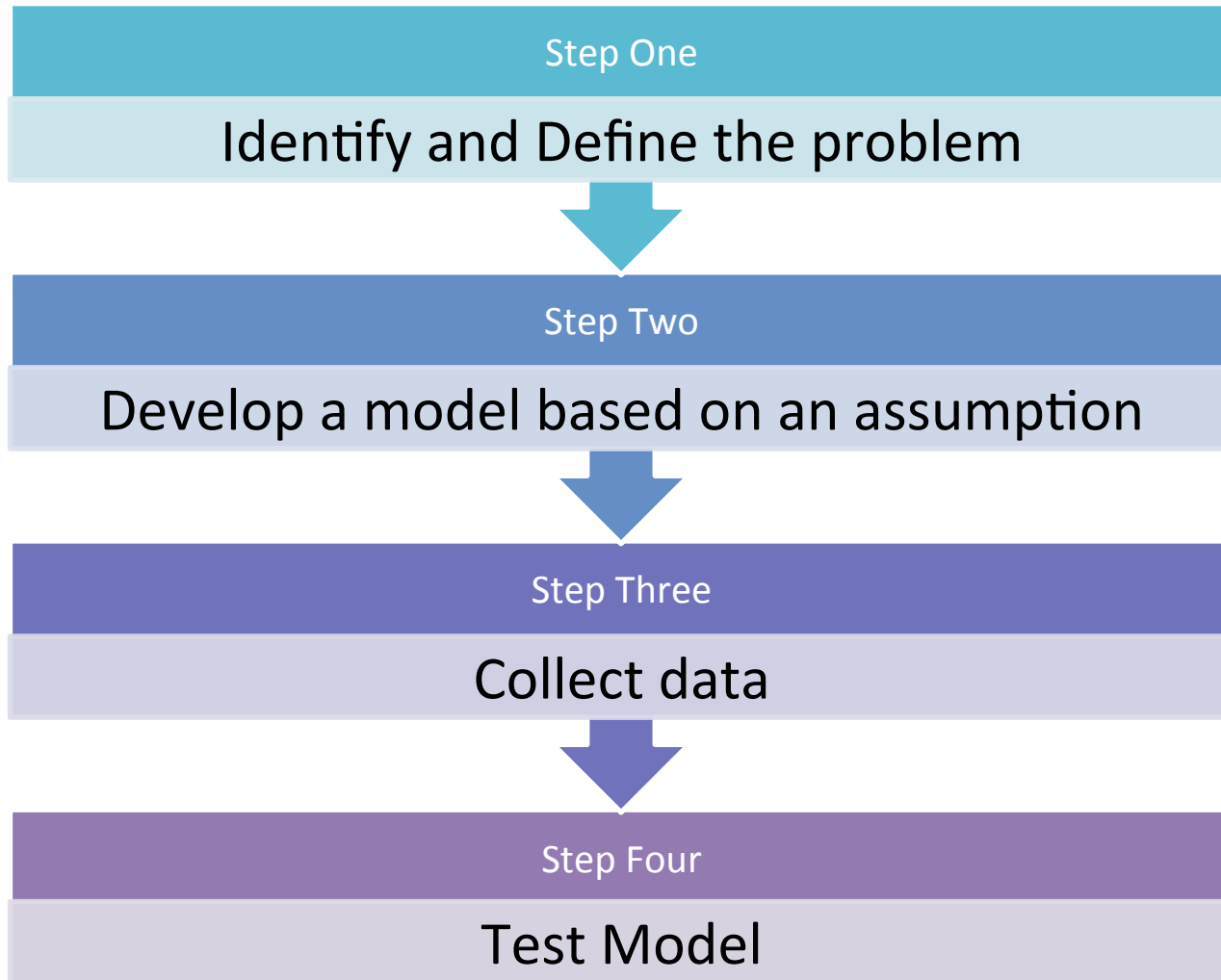


Do Now!
What are the steps in the scientific method?

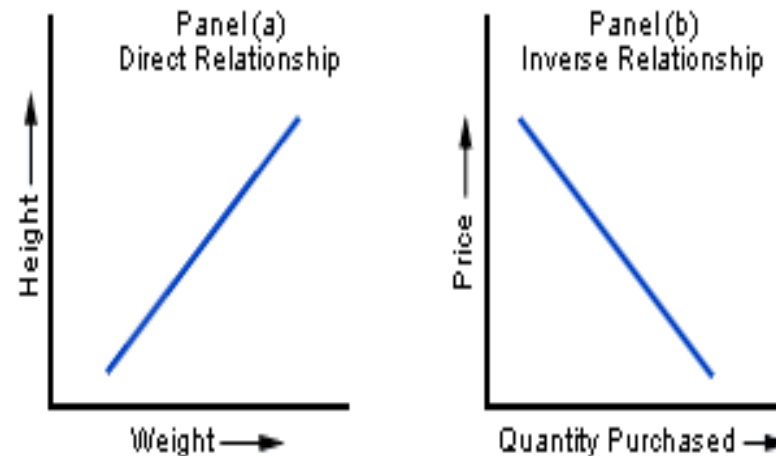
Economic Methodology



Economic Graphs

- Direct Relationship
 - Positive relationship between two variables
- Inverse Relationship
 - Negative relationship between two variables

Figure 1 - Relationships



Economic Disagreement

- Positive
 - Analysis based on facts. Can be prove a problem either true or false
- Normative:
 - Analysis based on judgments. They express opinion on a problem.

DO NOW!

- Is there such thing as a free lunch?
Explain.



Economic Reasoning Guide

1. People Choose
2. All Choices involve cost
3. People Respond to incentives in predictable ways
4. People create economic systems that influence choices and incentives
5. People gain when they trade voluntarily
6. People's choices have consequences for the future.